

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 ICAE-00 INRE-00 SOE-02 AID-05 CEA-01
COME-00 EB-08 DOE-15 H-01 INR-10 INT-05 L-03
OMB-01 PM-05 OES-07 SP-02 SS-15 STR-07 TRSE-00
ACDA-12 /112 W
-----053112 141454Z /43

O R 141425Z JUN 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 2307
INFO AMCONSUL ISTANBUL
AMCONSUL ADANA
AMCONSUL IZMIR

C O N F I D E N T I A L ANKARA 4483

E.O. 11652 GDS
TAGS: EFIN, ENRG, TU
SUBJ: ECEVIT: "WE WILL TRY TO FIND SOLUTION TO ATAS PROBLEM"

SUMMARY. NEWSPAPERS REPORTED THAT PRIME MINISTER ECEVIT, AFTER MEETING WITH ENERGY MINISTER BAYKAL AND FINANCE MINISTER MUEZZINOGLU JUNE 12, COMMENTED THAT GOVERNMENT WILL STUDY PROBLEMS OF COMPANIES OPERATING ATAS REFINERY IN ORDER TO AVOID A ON3SIDED DECISION ON WHETHER OR NOT THEIR REFINING LICENSES SHOULD BE CANCELLED. GOT, IT IS SAID, WILL TAKE INTO CONSIDERATION THE INTERNATIONAL DIMENSIONS OF THE MATTER. ECEVIT WAS QUOTED AS SAYING, "WE WILL TRY TO FIND A SOLUTION." THE NEWS SEEMS TO CONSTITUTE A BREAKTHROUGH IN MOBIL'S CASE. IT APPEARS THAT MR. BAYKAL HAS BEEN QUIETLY OVERRULED ALTHOUGH IT IS TOO EARLY TO PREDICT WHETHER THE "SOLUTION" WILL BE ONE THAT MOBIL CAN ACCEPT. END SUMMARY.

1. PRIME MINISTER ECEVIT MET JUNE 12 WITH MINISTER OF ENERGY DENIZ BAYKAL AND FINANCE MINISTER ZIYA MUEZZINOGLU ON SUBJECT OF ATAS REFINERY. TURKISH PRESS GAVE MUCH ATTENTION JUNE 13
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AND 14 TO THE MEETING AND TO ITS POSSIBLE RESULTS. ALTHOUGH NO DEFINITE POLICY TOWARD THE COMPANIES PARTICIPATING IN ATAS WAS SET AT THE MEETING, IT APPEARS THAT MR. ECEVIT HAS DECIDED AGAINST A HASTY TAKEOVER OF THE REFINERY, AS MR. BAYKAL HAD BEEN URGING. INSTEAD, THE TURKISH GOVERNMENT INTENDS TO "ACT CAREFULLY" BY STUDYING THE FINANCIAL AND LEGAL ASPECTS OF THE ATAS AFFAIR AND BY CONTACTING THE COMPANIES FORMING THE

REFINERY PARTNERSHIP TO HEAR THEIR SIDE. NEWSPAPERS REPORTED THAT THE ISSUE IS COMPLICATED BY THE FACT THAT TURKEY OWES LARGE SUMS OF DOLLARS AND LIRA TO ATAS COMPANIES. THE GOVERNMENT IS "DETERMINED TO TAKE INTO CONSIDERATION THE INTERNATIONAL DIMENSIONS OF THE PROBLEM", MILLIYET SAID JUNE 14. NEWSPAPERS ON JUNE 13 QUOTED ECEVIT AS SAYING, "WE ARE TRYING TO FIND A SOLUTION TO THE PROBLEM."

2. THE NEWS IS ENCOURAGING ALTHOUGH IT MAY BE TOO SOON TO CELEBRATE. BAYKAL APPEARS TO HAVE SUFFERED A SETBACK. THERE WILL BE NO MOVE AGAINST THE COMPANIES, IF WE CAN BELIEVE THE PRESS, AT LEAST UNTIL THE VIEWS OF BOTH SIDES ARE STUDIED. UNLIKE BAYKAL, MR. ECEVIT APPEARS TO BE CONCERNED ABOUT THE INTERNATIONAL IMPLICATIONS OF A TAKEOVER THAT WOULD BE JUSTIFIED BY THE ALLEGED FAILURE OF THE COMPANIES TO KEEP THE REFINERY OPERATING AT CAPACITY WHEN THE GOT ITSELF HAS NOT ALLOCATED THEM ENOUGH FOREIGN EXCHANGE TO DO SO. EMBASSY SPECULATES THAT FINANCE MINISTER MUEZZINOGLU MIGHT HAVE ARGUED AT MEETING THAT TAKEOVER UNDER THESE CIRCUMSTANCES WOULD GO COUNTER TO GOT NEEDS (A) TO PRESENT TO THE IMF BY NOVEMBER 1 AN ACCEPTABLE SCHEDULE FOR ELIMINATION OF EXTERNAL ARREARS, INCLUDING ABOUT \$180 MILLION DUE TO BP, SHELL, AND MOBIL, AND (B) TO INSPIRE CONFIDENCE IN GOT FINANCIAL RESPONSIBILITY AMONG POTENTIAL FOREIGN LENDERS, PUBLIC AND PRIVATE.

3. ECEVIT'S APPARENT DECISION TO HEAR WHAT THE COMPANIES
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HAVE TO SAY ABOUT THEIR PROBLEMS MAY BE A BREAKTHROUGH IN THE MOBIL CASE. MOBIL IS STANDING FAST ON ITS INSISTENCE THAT IF THE TURKS WANT A RESCHEDULING OF THE ARREARS DUE TO THE COMPANY -- AND THE TURKS VERY MUCH WANT SUCH A RESCHEDULING -- THEY MUST BE WILLING TO ADDRESS SIMULTANEOUSLY THE WHOLE GAMUT OF THE COMPANY'S FINANCIAL PROBLEMS IN TURKEY.

4. WITH THE TURKISH GOVERNMENT AS A WHOLE INVOLVED IN THE MATTER, AS OPPOSED TO THE PREVIOUS MAVERICK ROLE OF DENIZ BAYKAL IN SEARCH OF ADDED SUPPORT FOR HIMSELF WITHIN THE LEFT WING OF ECEVIT'S REPUBLICAN PEOPLE'S PARTY, TURKISH CONSIDERATIONS SHOULD INCLUDE THE NATION'S WIDER FINANCIAL CONCERNS -- IN SHORT, THE "INTERNATIONAL DIMENSIONS OF THE PROBLEM.

5. NOW, IN A PERIOD WHEN THE GOT MUST ACT IN A WAY TO SALVE THE IMF AND LENDERS, THERE IS A GOOD CHANCE THAT MOBIL CAN REACH A SATISFACTORY SOLUTION WITH THE TURKS. LATER, WHEN THESE CONSTRAINTS ARE NOT SO COMPELLING, THE POLITICALLY-TEMPTING ISSUE OF EXPROPRIATING THE FOREIGN OIL COMPANIES COULD ARISE AGAIN.

6. MARC CASANOVA, PRESIDENT OF MOBIL/TURKEY, WAS SUMMONED TO MEET IN ANKARA JUNE 13 WITH VURAL GUCSAVAS, SECRETARY GENERAL OF THE TURKISH TREASURY, AND ATILA CANDIR, MANAGING DIRECTOR OF THE PETROLEUM ADMINISTRATION, MINISTRY OF ENERGY. WE EXPECT TO BE BRIEFED BY CASANOVA JUNE 15 ON THE MEETINGS AND TO OBTAIN FROM HIM AN EVALUATION OF THE ECEVIT-BAYKAL-MUEZZINOGLU MEETING OF JUNE 12. DILLON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, PRIME MINISTER, ENERGY, FINANCE, PETROLEUM INDUSTRY, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ANKARA04483
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780248-0697
Format: TEL
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780663/aaaacbsb.tel
Line Count: 123
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2fafbc89-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2365281
Secure: OPEN
Status: NATIVE
Subject: ECEVIT: "WE WILL TRY TO FIND SOLUTION TO ATAS PROBLEM" SUMMARY. NEWSPAPERS REPORTED THAT PRIME MINISTER ECEVIT, AFTER MEETING WITH ENERGY MINISTER B AYKAL AND FINANCE MI
TAGS: EFIN, ENRG, TU, (ECDVIT, BULENT)
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/2fafbc89-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014